

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE

SAN FRANCISCO, CA 94102-3298



March 5, 2013

GA2012-25

Mr. Brice Babbitt
Catalina District Superintendent
Southern California Edison Company
P.O. Box 527
1 Pebbly Beach Road
Avalon, California 90704

SUBJECT: General Order 112-E Audit of the Southern California Edison Company, Catalina Island Petroleum Gas Distribution Facilities.

Dear Mr. Babbitt:

The staff of the Safety and Enforcement Division (SED), formally the Consumer Protection and Safety Division, of the California Public Utilities Commission (CPUC) conducted a General Order (G.O.) 112-E inspection of Southern California Edison Company (SCE), Catalina Island petroleum gas pipeline distribution facilities on May 1-4, 2012. The inspection included a review of your Operation and Maintenance records and field activities on the island for the period of January 2009 through May 2012.

During the audit, SED identified several violations of G.O. 112-E, Reference Title 49, Code of Federal Regulations (CFR), Part 192. A "Summary of Inspection Findings" (Summary) is enclosed. Please provide a written response to SED within 30 days of your receipt of this letter, indicating corrective measures taken by SCE to mitigate and prevent recurrence of these violations and address the issues of concern noted in the Summary.

Pursuant to Commission Resolution ALJ-274, SED staff has the authority to issue citations for each violation found during the audit. SED will notify SCE of the enforcement action it plans to take after it reviews SCE's audit response.

If you have any questions, please call Matthewson Epuna at (213) 576-7014 or Michelle Wong at (213) 620-2780.

Sincerely,

A handwritten signature in cursive script, appearing to read "Mike Robertson".

Michael Robertson, Program Manager
Gas Safety and Reliability Branch
Safety and Enforcement Division (SED)

cc: Matt Epuna, SED
Michelle Wong, SED

SUMMARY OF INSPECTION FINDINGS

G.O. 112-E Audit of SCE Petroleum Gas Distribution - Catalina Island

May 1-4, 2012

A. Operation and Maintenance and Emergency Review

Title 49 CFR, §192.605(a) states:

(a) General. Each operator shall prepare and follow for each pipeline, a manual of written procedures for conducting operations and maintenance activities and for emergency response. For transmission lines, the manual must also include procedures for handling abnormal operations. This manual must be reviewed and updated by the operator at intervals not exceeding 15 months, but at least once each calendar year. This manual must be prepared before operations of a pipeline system commence. Appropriate parts of the manual must be kept at locations where operations and maintenance activities are conducted."

SCE did not conduct the required annual review of its written procedures for conducting operations and maintenance activities and emergency response from 2008 through 2010. Therefore, SCE is in violation of G.O. 112-E, Reference 49 CFR, §192.605(a).

B. Distribution Pipeline Patrolling

Title 49 CFR, Part 192 Section 192.13(c) states:

(c) Each operator shall maintain, modify as appropriate, and follow the plans, procedures, and programs that it is required to establish under this part."

SCE Catalina District Petroleum Gas Pipeline System STANDARD PROCEDURE (SP) – 413 Section 3.0 states:

"A majority of the petroleum gas pipeline distribution system is within the City of Avalon area, which is geographically small (1.3 square miles), and there is little distinction between the business and non-business districts; therefore to avoid having two different patrol frequencies, all the mains will be patrolled at the more restrictive business district time-frame (quarterly). This frequency may be increased on any segment, at any time, due to increased activity or other special conditions."

SCE did not have patrolling records to indicate that it patrolled its system during the second and third quarters of 2010. Therefore, SCE is in violation of G.O. 112-E, Reference 49 CFR, §192.13(c).

C. Valve Maintenance

Title 49 CFR, Part 192 Section 192.747(a), states:

- (a) *Each valve, the use of which may be necessary for the safe operation of a distribution system, must be checked and serviced at intervals not exceeding 15 months, but at least once each calendar year."*

SED staff discovered that SCE performed annual valve inspections in November 2010 (11/1-5/10) and its subsequent annual valve inspections were not performed until January and February 2012 (1/7/12 & 2/4&10-13/12). SCE did not conduct any valve inspection in 2011. Therefore, SCE gas valve annual re-inspection interval exceeded the once each calendar year inspection requirement of G.O. 112-E, Reference 49 CFR, §192.747(a) in 2011.

SED also noted that SCE conducted valve inspections of all of its 86 valves on February 2-19, 2009 and did not inspect the valves again until November 1-5, 2010, thereby, exceeding the required 15-month valve inspection interval for all the valves in its Catalina petroleum gas distribution system. As a result, SCE is in violation of G.O. 112-E, Reference 49 CFR, §192.747(a) in 2010.

D. Odorization Monitoring

SCE STANDARD PROCEDURE (SP)-409 Section 4.0, states:

"According to federal regulations, the odor must be readily detectable when the propane concentration in air is at 0.42% (one-fifth LEL) or less. The LEL of propane in air is 2.1%. Using a portable odor concentration analyzer, the coordinator will conduct quarterly sampling to confirm that the propane is readily detectable by smell at this concentration. The results of the quarterly field sampling shall be recorded on the Field Odor Verification Form as presented in Attachment 409-B."

SED discovered that SCE currently conducts periodic sampling with a portable odor concentration analyzer to confirm that odorant in its propane gas is readily detectable by smell at the proper concentration of propane gas in air. SCE did not have records to demonstrate that it conducted four quarterly sampling for the year 2010 and 2011 as defined in its SP - 409 Section 4.0. Therefore, SCE is in violation of G.O. 112-E, Reference 49 CFR, §192.13(c) for not following it procedures.

E. Annual Leak Surveys

Title 49 CFR, §192.723(b)(1), states:

"(b) The type and scope of the leakage control program must be determined by the nature of the operations and the local conditions, but it must meet the following minimum requirements:

- (1) *A leakage survey with leak detector equipment must be conducted in business districts, including tests of the atmosphere in gas, electric, telephone, sewer, and water system manholes, at cracks in pavement and sidewalks, and at other locations providing an*

opportunity for finding gas leaks, at intervals not exceeding 15 months, but at least once each calendar year."

SED discovered that SCE did not conduct a leak survey with leak detector equipment in its entire gas distribution facilities within the Catalina business districts in 2009. SCE informed SED staff that it recognized this requirement but due to an extenuating circumstances which made SCE's leakage survey contractor unable to visit the Island to conduct the business district calendar year survey until the beginning of the next calendar year. SED staff reminded SCE staff that irrespective of the circumstances, it was imperative that business districts shall be leak surveyed every calendar year but not to exceed 15 months. Therefore, SCE is in violation of G.O. 112-E, Reference 49 CFR, Part 192 Section 192.723(b)(1).

F. Welding Procedure Qualifications

1. G.O. 112-E, Reference 49 CFR, Part 192 Section 192.225 states:

"(a) Welding must be performed by a qualified welder in accordance with welding procedures qualified under section 5 of API 1104 (incorporated by reference, see §192.7) or section IX of the ASME Boiler and Pressure Vessel Code "Welding and Brazing Qualifications" (incorporated by reference, see §192.7) to produce welds meeting the requirements of this subpart. The quality of the test welds used to qualify welding procedures shall be determined by destructive testing in accordance with the applicable welding standard(s).

(b) Each welding procedure must be recorded in detail, including the results of the qualifying tests. This record must be retained and followed whenever the procedure is used."

SED discovered that SCE hired a welding contractor to perform welding on its gas distribution pipeline in 2009 but did not have a written qualified welding procedure or required a qualified welding procedure from the welding contractor that complied with Title 49, CFR §192.225. Therefore, SCE is in violation of G.O. 112-E, Reference 49, CFR §192.225.

2. In addition, Title 49, CFR, Part 192 Section 192.227 states:

"(a) Except as provided in paragraph (b) of this section, each welder must be qualified in accordance with section 6 of API 1104 (incorporated by reference, see §192.7) or section IX of the ASME Boiler and Pressure Vessel Code (incorporated by reference, see §192.7). However, a welder qualified under an earlier edition than listed in §192.7 of this part may weld but may not re-qualify under that earlier edition.

(b) A welder may qualify to perform welding on pipe to be operated at a pressure that produces a hoop stress of less than 20 percent of SMYS by performing an acceptable test weld, for the process to be used, under the test set forth in section I of Appendix C of this part. Each welder who is to make a welded service line connection to a main must first perform an acceptable test weld under section II of Appendix C of this part as a requirement of the qualifying test."

SED discovered that the welding contractor that SCE hired in 2009 did not have a written record of the welder's qualification. It is a requirement that welding must be performed by a qualified welder in accordance with welding procedures qualified under section 5 of API 1104. Therefore, SCE is in violation of G.O. 112-E, Reference 49, CFR §192.227.

G. Public Awareness Program

Title 49, CFR Section 192.616, states:

“ (a) Except for an operator of a master meter or petroleum gas system covered under paragraph (j) of this section, each pipeline operator must develop and implement a written continuing public education program that follows the guidance provided in the American Petroleum Institute's (API) Recommended Practice (RP) 1162 (incorporated by reference, see §192.7).

(b) The operator's program must follow the general program recommendations of API RP 1162 and assess the unique attributes and characteristics of the operator's pipeline and facilities.

(c) The operator must follow the general program recommendations, including baseline and supplemental requirements of API RP 1162, unless the operator provides justification in its program or procedural manual as to why compliance with all or certain provisions of the recommended practice is not practicable and not necessary for safety.

(d) The operator's program must specifically include provisions to educate the public, appropriate government organizations, and persons engaged in excavation related activities on:

(1) Use of a one-call notification system prior to excavation and other damage prevention activities;

(2) Possible hazards associated with unintended releases from a gas pipeline facility;

(3) Physical indications that such a release may have occurred;

(4) Steps that should be taken for public safety in the event of a gas pipeline release; and

(5) Procedures for reporting such an event...

(j) Unless the operator transports gas as a primary activity, the operator of a master meter or petroleum gas system is not required to develop a public awareness program as prescribed in paragraphs (a) through (g) of this section. Instead the operator must develop and implement a written procedure to provide its customers public awareness messages twice annually. If the....”

SED discovered that SCE does not have a Public Awareness Program. SCE only has a written Public Awareness Message that is based on Title 49, CFR §192.616(j). However, Title 49, CFR §192.616 (j) is an exception that is reserved for operators of master-metered systems or operators of petroleum gas systems that do not transport gas as a non-primary activity. SCE transports

petroleum gas on Catalina Island as a primary activity. Therefore, SCE is in violation of G.O. 112-E, Reference 49, CFR §192.616(a), and must establish a complete Public Awareness Program that addresses requirements of paragraphs (a) through (i). Please advise SED on SCE's plan and schedule to implement a full Public Awareness Program for its Petroleum Gas Pipeline Distribution system in Catalina Island.

H. Recommendations:

1. The current leak repair report is inadequate. SED staff recommends that SCE establish a leak repair report that captures pertinent information about what was done, probable cause of the leak, material involved and etc. SCE should reference and integrate this data in its Distribution Integrity Management Program (DIMP) risk assessment.
2. SED staff recommends that SCE review and improve its DIMP plan and program implementation by addressing the following:
 - a) SCE should revise its DIMP to assign roles and responsibilities to certain groups/people/positions
 - b) SCE should incorporate the historical data it has gathered on its gas pipeline distribution system (e.g. unstable earth area)
 - c) SCE should capture the material type data, location of pipeline, etc. especially for new installations.
 - d) SCE should revise its DIMP plan to include the data gathering process and who will execute data gathering and integration (e.g. planning will provide superintendent with location of line, material type and etc.)
 - e) SCE should revisit its DIMP plan to ensure that it has knowledge of known and unknown data and process to identify and address the risk these data or lack of may pose to its gas distribution system. Develop a process from reasonably available information to address the presence of materials, (e.g. Aldyl A PE pipe) and assess the applicable threats and risks to its gas distribution pipeline.
 - f) SCE should review and revise its DIMP plan to address the probable impact of known or unknown petroleum gas condensation in a low pressure distribution pipeline polyurethane system.